

## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.



A.284.9  
B46  
cop. 2

Sept. 1962  
at Program Policy Meetings

ENDURING ENDS - MATURING MEANS


U. S. DEPT. OF AGRICULTURE  
NATIONAL AGRICULTURAL LIBRARY

FEB 26 1963

C & R-PREP.

by

Howard Bertsch, Administrator  
Farmers Home Administration  
U. S. Department of Agriculture





## ENDURING ENDS -- MATURING MEANS

My first words this morning must of necessity be words of tribute to the men and women of the Farmers Home Administration, who racked up a record of public service this past year, unparalleled in the annals of an agency that's accustomed to impressive records.

Employees of the Farmers Home Administration last year worked overtime, voluntarily, uncompensated, some 260 man-years. More than 2,000 of our employees gave up annual leave.

By working long hours, by skipping vacations, by introducing new efficiencies and eliminating waste the members of the Farmers Home Administration provided rural America with twice the services per administrative dollar spent in 1962 as in 1960.

As a result, the ratio of expense to loans serviced now stands at 1.9 percent. This compares to a similar figure of 3.4 percent reported by the member banks of the Federal Reserve System. This I submit is a truly impressive record. Such a performance has made my first full fiscal year back among you a delight and a revelation. My Washington colleagues join me in acknowledging this superb contribution to the rural people of America.

Second I feel that I must explain the title of my speech. When Odom Stewart, who as chairman of our committee in Washington for planning these meetings, pressed me for a title, I borrowed a Roget from my secretary and spent 45 minutes developing what I hoped would be both expressive of the principle emphasis I wanted to make and at the same time be provocative. Since then, I have been led to believe that it became so provocative as to leave some doubt about its meaning "Enduring Ends - Maturing Means."

Now the chief responsibility of an administrator is to keep alive the basic dialogue as to the true goals, the ultimate ends for which the administered institution was created. Once such an institution loses sight of the ultimate ends for which it was created, then it substitutes for those goals, those objectives, those ends, the objective of simple self-perpetuation and then all of us, instead of being administrators, become mere office holders.

---

Statement of Howard Bertsch, Administrator, Farmers Home Administration at Program Policy Meetings, September 1962.

Our ends, the ends of the Farmers Home Administration, endure. They may be stated simply - they are precisely the same ends that existed in the 1930's - the elimination of rural poverty, the reduction of rural underemployment, the strengthening of the family farm. These are the enduring ends for which the organization stands. But the means by which these ends are achieved must grow and mature. The purpose of this meeting and those to follow it are to assure us that in the light of the experience, the understanding, the increased skill that we develop each year, we are maturing the means by which we achieve our objectives. Now for the body of my talk:

Last April, President Kennedy received a letter from a North Carolina farmer and this letter read, "Dear Mr. President: In 1952 I received a loan from the Farmers Home Administration in Shelby, North Carolina, to purchase a farm. There were no other sources of credit available at the time which would even consider making a loan in the amount needed to purchase this farm. Even though conditions in farming have not been favorable over the past ten years, I have been able to reduce the amount of the debt substantially and this spring I was able to refinance the mortgage with a loan from the Federal Land Bank. Without the financial help and the supervisory assistance of the Farmers Home Administration, I would not have been able to purchase this farm. I would like to express my appreciation to my Government and especially the Farmers Home Administration for the help that I received."

This was a simple straight forward statement. I have read many similar letters, some of which were doubtless higher in emotional content, but this one stirred me. Perhaps I was moved because it released a flood of memories of the similar letters that had preceded it through the years. Perhaps I was moved because this letter reminded me of the peculiar nature of our program, of the way in which we make people our first concern.

Senator Humphrey gave me another lift when on April 17th on the floor of the Senate he said that the Farmers Home Administration looks upon the people it serves as living, breathing, thinking, working contributors to the general welfare, not just by-products of a crop surplus. This concern for people is the basic characteristic of our agency. It is something we must cling to no matter what the tides and currents bring. And in being concerned with the welfare of rural people, we must also be concerned with the forces that buffet them, that push them around, with the environment of which they are a part. For no man is an island.

Let's consider what it is we are trying to achieve. In the broadest sense we are working to maintain an agricultural economy that is basic to the welfare of our entire economy. We are working to maintain the proper relationship between people and the land. We are working to maintain an agricultural pattern that can be used as a guide by underdeveloped countries around the world in molding their own rural economies.

These broad scale goals are being achieved by working with family farmers on an individual basis, helping them work out a means of making a decent living by acquiring the necessary resources and skills. These broad scale goals are also being achieved by strengthening the entire rural economy, the communities in which these rural families live. I believe we must keep in our sights both the families and the communities of which they are a part. I believe that the decade of the sixties will see us grow more and more conscious of the importance of the rural community. I believe that an increase in attention to the survival of the community will in no way detract from the importance of the family, for one cannot live without the other.

What are our contributions to rural community growth? First, there is the strength supplied to neighboring towns and villages when the families we work with improve their farms and homes, raise their incomes, and become more active in community affairs. The money that rural families borrow from us to spend for fertilizer, for livestock, for machinery, for building supplies and labor is a powerful stimulant in the bloodstream of rural trade channels. The increased incomes of our borrowers provides a further stimulant. The combination of improved real estate, higher incomes, give tax support to essential community services. These kinds of contributions to the strengthening of rural America have been part and parcel of our activities for many years. They're a by-product, an off-shoot, of the work we do with individual families.

But during the past year we have moved even more directly into the arena where the battle for rural communities is being waged with our programs that help people in small rural communities obtain decent housing and adequate community water systems. These loan services not only have the immediate effect of boosting rural trade and employment, but they have the long-term benefit of making the communities attractive sites for the development of small industries and prosperous, attractive, pleasant places for people to live. Also during the past year by our increased participation in rural areas development, we have contributed mightily toward the building of a better rural America.



The trend of the past twelve months, I predict, will be the trend of the future. Not that we will in any sense pull away from our efforts to strengthen the position of individual family farmers, but we will, I'm convinced, do more and more in the way of directly serving the entire rural community. I think this work with rural communities will be rewarding work. Like all the tasks we undertake, it will be difficult work.

You see when we work to strengthen family farms and rural communities, we're committing ourselves to the proposition that the place to solve rural problems is in the rural areas themselves. This proposition is not universally accepted. There are sincere and thoughtful people who belong to another school of thought that runs counter to this idea. This school preaches that the solution to the farm problem lies in sharply reducing the numbers of farmers. The people in this school would look to the cities for a solution to rural problems. Unfortunately the solution isn't that easy.

First of all, urban areas are having their own troubles. There are four million unemployed in the urban sector of our economy, there are slums, there are social problems, there are problems that go with rapid urbanization, such as core congestion and delinquencies, which occupy space on the front pages of our daily newspapers with amazing regularity.

Second, two-thirds of the farmers who sell less than \$10,000 worth of farm products annually, are over 45 years of age. These are the farmers that would move off the farms if this enforced attrition policy were implemented. Many of them are of an age where retraining for industrial employment and placement in industrial jobs would be done in competition with those 4 million people who are, at least, sophisticated in ways of urban living. This kind of retraining cannot help very much in getting non-farm jobs in today's highly competitive labor market. Two-thirds of these farmers are at a time in life when their roots are deep in their home communities.

The problems attached to rural communities cannot be solved simply by transfer of those problems to metropolitan areas. Those problems must be solved in the rural communities themselves.



We are not so blind or so naive or so narrow in our views that we believe we should turn back the evolutionary migration from rural to urban areas which started in this country about 70 years ago and has continued since. But let us discriminate between an evolutionary trend and an enforced and accelerated trend. We are as certain as we can be that unless we raise our voices, double our efforts in seeking solutions to rural problems in rural areas, this other school of thought will prevail. The Committee for Economic Development school of thought will prevail and our countryside will be depopulated, our cities will be overcrowded with families who, unable to find employment or a decent place to live, will exist in slums and be sustained by relief checks.

Secretary Freeman, determined that rural America will survive and that the 54 million people who live in the country and small towns will obtain a standard of living comparable to that of their urban counterparts, is summoning rural leaders to a series of five Land and People Conferences this fall. You have been asked to play a major role in the arrangements of these conferences. I am confident that these meetings will spark a new drive toward the development of our rural areas and each of us will gain from our participation. At these conferences every means of revitalizing our farm and small town economies will be explored. These meetings will direct beacons of light upon and give a public airing to the basic principles we work for in the Farmers Home Administration day by day.

Now how well equipped are we to shoulder our share of the load in rural areas? So far as funds are concerned, we've doubled the volume of our lending activities in the past two years. During fiscal 1962, as Mr. Higbee pointed out, we've advanced 637 million dollars. When you consider repayments, about a billion dollars flowed through our county offices last year. This is no small affair, this is no trivial activity, this is a business of great import to the economy of this country.

It appears that we will be given additional funds by Congress for use during the current fiscal year. We are still far short of the resources we need to meet the demand for our services, but we recognize that achievements in this quarter are not easy and that we've started a long way back from the front running position.

We are well equipped, though not completely equipped, with legislative authorization. We can take a great deal of satisfaction in the steps the Congress has taken to sever the bonds that once restricted our operations. Farmers Home Administration today is a far more powerful instrument in effecting viable family farms and durable rural communities than it was just two years ago.

This transformation has not been an easy one to live through. We've made some additions to our staff, we've upgraded some positions, we've slightly increased the number of our county offices. We have reversed the trend of many years - the trend towards gradual withdrawal by the Farmers Home Administration from the rural scene.

But we are carrying a heavyload. And we are engaged on many fronts. Our supervisors, if they were not born to greatness, are having greatness thrust upon them. Success or failure of one of the greatest drives of all times to combine local initiative and direction, with the technical skill of government people - the rural areas development program - depends to a large extent upon the supervisors of the Farmers Home Administration.

To meet the challenge of the times, each and every one of us, must keep current with the rapid developments in farm technology. We must keep current with the trends in the rapidly expanding use of agricultural credit. We must be very much aware of what is going on around us, what's happening to the business enterprises, the service trades in the community we live in and in the neighboring towns.

We must be aware of what people are thinking and saying in the whole spectrum of community affairs. We must be spokesmen for the family farm and the type of agricultural system that the concept of the family farm has always symbolized.

We must be aware of the needs of our community.

We must be quick to capitalize upon the demonstrated paths of progress, when such paths become apparent. Which farmers increased their net income last year and how did they do it? Where are the rural people that have cashed in on the booming demand for recreational facilities and how did they do it? Where the small industry sprung up in the countryside and why did it happen, what are the factors behind its success? In a word, each employee of the Farmers Home Administration in his particular bailiwick, his particular area of influence, must, if he is going to adequately discharge the responsibilities of this great organization, be considered for and earn the title of, "Mr. Agriculture."

I should point out here that progress is not a steady, unbroken, accelerating line on a chart. Progress is a trend that is made up of zig-zags. There will be years when the volume of our activities will accelerate faster than it accelerated in other years. But there must never be a year when our perceptivity, our imagination, our zeal is allowed to slacken one bit. This is true of every endeavor we undertake, it is especially pertinent in that central core of our activities, the supervision which we provide our borrowers. We've given official recognition of the fact that some borrowers receive a limited amount of supervision, and some receive an intensive amount. This is a necessary and a common sense approach, but we must not allow the opportunity to be selective to become an excuse for neglect.

The successful history of our endeavor in helping farmers has been predicated upon supervision - this is the something extra. Why have we been successful in helping farmers that other credit institutions turned away? Because supervision in farm and financial management accompanied each loan we made.

If we ever allow ourselves the luxury of making a loan and then walking away from it, the days of our years will be numbered.

If we ever fail in supplying the supervision in the degree and of the quality required, we'll be swept onto the rubbish heap and we should be swept onto the rubbish heap.

And I would sound the same warning about determining whom we can serve, and about making sound loans, and about collecting the loans we make, and about avoiding competition with or displacement of other lenders. We allow ourselves to make judgments about each phase of our operation. If we walk away from assuming a responsible attitude toward each decision we make, our program will soon become a shambles. The cause for which we fight will be quickly lost.

What rule of thumb then - what guiding principle can I suggest? I suggest the most unpalatable guide of all - seek the hard way. We must never reject an applicant until we've made certain that there is no way in which we can assist him - seek the hard way. We must never approve a loan without carefully establishing that the debt paying ability of the borrower will be such that the loan will be useful to him, not hurtful to him - seek the hard way. We must be forever diligent in scheduling debt repayments and in collecting repayments when income for such purposes is available - seek the hard way. We must make dead certain that an applicant cannot obtain adequate credit from other sources before we decide to advance the needed funds - seek the hard way.

This admonition is especially pertinent when we are using funds to refinance the debts of other lenders, an area in which we move farther and farther week by week.

The difference between success and failure in serving the family farmers and the rural communities of America, so far as we are concerned, is a matter of emphasis. You can take the authorities we have and run two entirely different types of programs. What we today are seeking to do is to run a program that pushes in the direction of being of maximum service to those who most need our services, and of performing this service in such a manner that our efforts will meet with success. It would be much easier to relax. It would be much easier to be less concerned about helping people. It would be much easier to be less concerned about the soundness of the operations in which we establish each farm family with whom we come in contact. But relaxation is not our heritage. We will and must pursue the difficult but the rewarding course.

In summary then let me remind you of the program for economic development for rural people that Secretary Freeman announced last spring. First, in his characteristically frank manner, the Secretary pointed out that nearly one-third of our people live in rural areas, but over one-half of our inadequate incomes are found there. There are 4.1 million rural families with a total money income of less than \$2,500, compared with only 3.9 million such families found in urban areas, even though twice as many people live in urban areas as live in rural areas. What is needed in the decade of the sixties, the Secretary pointed out, are effective programs for rural areas development. These include:

First, measures to encourage the formation of economically viable family-type farms and diversion of some of the land to recreation, conservation, and the growing of trees and wild life preservation.

Second, the renewal of rural communities by helping to create new industrial and commercial enterprises and better community facilities.

And third, vocational and other educational opportunities that are basic to the development of a strong and prosperous rural area.

Now the role of the Farmers Home Administration in implementing this program is clearly marked out. This sounds like our charter. We can be of immeasurable help in strengthening family farms and revitalizing rural communities. We've been assigned a leadership position because we earned it in the rural areas development program. We are more than twice as well equipped with funds and many times stronger in our legislative authorizations than we were just a couple of years ago.

In the coming months I hope that we will so perform that a year from now the path the Farmers Home Administration has traveled, will be obvious to all.

The ends we're seeking can be stated in very simple terms, strong family farms - strong rural communities. These ends are enduring. So long as our way of life continues we'll need the kind of farming system, the kind of rural communities that has always been the concern of the Farmers Home Administration.

The means of achieving these ends, however, mature, change, grow. The tenant purchase program on which we cut our teeth twenty-five years ago was a basic attack upon an evil of that time. Our efforts today are far more diversified, far more complicated, but far more flexible. The point is that as the years have gone by, we have tested, we have altered, we have amended our means, our methods.

We are closer today to finding the answer to today's means of achieving our goals than we were a year ago. A year from now we must be very close indeed to maturity so far as these means, these methods, are concerned.

The world around us is moving very fast, we as an organization must keep pace.

-----





A 284.9  
B46  
June 1963  
cop. 2

A YEAR OF ACHIEVEMENT -- A YEAR OF CHALLENGE

U. S. DEPT. OF AGRICULTURE  
NATIONAL AGRICULTURAL LIBRARY

AUG 2 - 1963

C & R-ASF

by

Howard Bertsch, Administrator  
Farmers Home Administration  
U.S. Department of Agriculture







## A YEAR OF ACHIEVEMENT--A YEAR OF CHALLENGE

Today I acknowledge a year of achievement in 1963; I predict a year of even greater accomplishment in 1964. It is wholly appropriate for me to inaugurate this meeting with expressions of commendation, of high regard, of recognition of stellar performance. If it were feasible I can think of nothing more gratifying than to have a gigantic assembly of the five thousand-plus employees of the Farmers Home Administration and the eight thousand-plus county committeemen in one huge gathering in which we paid proper tribute to the selfless service of all those men and women in this on-going crusade for rural prosperity, in this continuing contest against rural poverty--against the disadvantages suffered by rural families and the resulting stagnation of rural communities.

But knowing you, and knowing them, I am convinced that if such a gathering were assembled we would talk as much about the future as the past.

And this conviction causes me to ask, what manner of organization is this? What is it that makes the Farmers Home Administration a unique and special sort of organization?

I believe that one of the distinguishing marks of the Farmers Home Administration is its continuing concern with the welfare and security of rural people, a concern so deep that we refuse to be lulled by surface appearances of well being.

We are concerned with keeping the family farm a safe and secure institution.

There are too many farmers on adequate family farms asking us for help to let us relax and feel comfortable. Those who do not have to balance farm plans in terms of cold hard dollars and cents can drive through the country on a Sunday and see many prosperous looking farms and conclude that all is well with the upper 22 percent that produce 72 percent of our marketed farm products. But we have to face some of the operators of those fine looking farms across our desks on Monday morning.

---

Statement of Howard Bertsch, Administrator, Farmers Home Administration at Program Policy Meetings, June 1963.

We are also concerned about the strengthening of our rural communities. Some people urge us not to be alarmed by the decline in the number of rural villages for they say that this is the natural result of improved highways that allow farmers to travel 60 miles to reach the stores, the dentists and the doctors.

We find it hard to be complacent. For we see too many farm youngsters moving to the cities because the amenities of community life no longer exist near their homes. We see too many farm people moving to cities because there are no means of supplementing their incomes in their home communities.

And we hear too much about the difficulties of untrained rural people competing in the urban labor markets and about the numbers of farm people now on the relief rolls in the cities to believe that a satisfactory substitute has been found for thriving rural towns.

In short we are too closely involved with the vital human affairs of rural people to be able to rest easy when those that are one or more steps removed from reality say with the watchman in the night that "All is well."

We have too much of a heritage of concern for the underdog to sleep comfortably at night while conditions continue as they are.

We are frightened, yes frightened, by recent estimates that farm costs will climb so much this year that even with a declining number of farmers we will be lucky to find the average net farm income at last year's level.

We are disturbed by the lack of equal opportunity that exists among the people we try to help, by the plight of migrant laborers, by the gap that exists between urban and rural people in such matters as housing and education.

Farm youth and farm people are getting much less than an even break in schooling. The gap is actually widening between farmers and urban people so far as years of school completed is concerned.

This continuing alarm of ours, this sensitivity to the trouble zone is a trait of which we can be exceedingly proud.

No one will ever be able to say that we stood idly by while family farms were threatened.

Nor that we are satisfied with what is taking place in rural America.

We long ago assumed, and we will continue to cherish, the role of being the conscience of the American people so far as the welfare of rural America is concerned.

Am I too bold, too brash, in this evaluation of our agency? Have the years that I have spent in the Farmers Home Administration distorted my ability to objectively appraise the Farmers Home Administration?

Let the record be the test.

What has the Farmers Home Administration accomplished in the past year?

First of all, we have done what we said a year ago we would do in the face of overwhelming odds. Last September when we met together we talked about the fact that we had doubled the volume of our lending activities, greatly expanded the scope of our operations in two years with essentially no increase in the size of our staff.

We took stock and found that the Congress had given us access to funds that would move the volume of our lending in fiscal 1963 up to a point 160 percent ahead of the 1960 level. That we had been given still another set of new authorities to use in making rural America stronger and that we had been asked to assume this extra work without any appreciable increase in staff. We explored together the problems with which we were thus confronted. We resolved that these problems would be mastered.

We have utilized the funds. We have activated the authorities.

I submit that only a deep and abiding concern for the welfare of the family farmer and the community in which he lives could have given us the strength and the spirit to do what we have done.

Our efforts have not been unnoticed. President Kennedy and Secretary Freeman have singled out the Farmers Home Administration for special attention in reporting to the Congress and the public on the administrative efficiency and dedication to duty of the members of the Federal establishment.

President Kennedy and Secretary Freeman have also recommended to the Congress that the Farmers Home Administration be given a \$2,200,000 increase in administrative funds in fiscal 1964. This is the largest increase that has been sought in many years.

We have grown in stature in the past year. Or perhaps I should say our stature has become more apparent. One of the ways this came about was rather unusual.

A segment of the national financial community not directly involved with us in serving rural America felt compelled to issue a report critical of government sponsored and supported lending activities in rural areas.

This brought about an outburst of support in our behalf from the country bankers who know the real value of our work.

Now we were aware that bankers who work along side of us in rural areas hold our efforts in high esteem. But it took the criticism of a few to bring out the real story of our importance to the financial strength of rural areas. We owe our critics a debt of gratitude.

And I submit that were we not truly concerned with the well being of rural people our critics would have gone unanswered.

Our stature in the rural scene has been noticed in other ways too, during the past few months.

There have been more references to the Farmers Home Administration and its activities in the major newspapers, magazines, radio and TV networks than at any previous time in our history.

We have found voices throughout the country speaking in our behalf. I mentioned the bankers but there are others too. Farm organization leaders, church leaders, rural editors, rural leaders in all walks of life, members of the Senate and of the House of Representatives.

During the past year we have taken a giant stride into the broad arena of revitalizing rural communities.

We have launched programs that will add to farm family income, make rural communities more attractive, encourage the growth of diversified rural industries, shift land out of crop production to more optimum use, develop grass and forest lands, give depressed rural areas the technical guidance they need in solving their economic problems, enable the elderly in rural areas to obtain housing adapted to their needs.



We have accomplished this in part by providing vigorous leadership in the 2,500 county and state technical action panels that bring to rural communities all of the technical assistance available from the Department of Agriculture and other sources.

We have accomplished this by moving ahead with the authorities given to us by the Housing and Agriculture Acts of 1962 that expanded the association loan program to include the shifting of land to grazing, forestry and recreation, that broadened the farm ownership and operating loan programs to include the development of income-producing recreation enterprises on family farms, that broadened the rural housing program to provide three ways of improving the housing of our senior citizens.

We have stepped up the pace of our programs for developing rural water systems and housing for farm laborers.

These efforts I submit are evidences of a real interest and understanding of the problems facing rural people.

During the past year we have kept the faith with the main effort to help disadvantaged farm families - the foundation of the Farmers Home Administration program - supervised credit.

Despite all of the demands on our time and energy we kept on giving young farmers the assistance they needed to take over the farms of those who are retiring, helped established family farmers whip the problems that threatened their foothold on the land, helped farmers with inadequate holdings develop adequate family farms, helped part-time farmers increase their incomes and their security, helped those rural families who are handicapped because of age or lack of capacity to develop needed industrial skills make a better living where they are as a substitute for forced migration to welfare programs in already overcrowded urban communities.

Now I must confess that at this point in my review of where we are, and what we are doing, I take a deep breath and make a very humble prayer that our strength and perseverance will continue.

For I know and each of you know that we have not found a way to give all of the time that should be given to that essential management guidance and supervision which is, and always will be our hallmark, our principle claim to distinction.

Yet I marvel at what you have been able to accomplish. Some 26 states found time this past year to hold training meetings in farm and financial management so as to keep the skills of their staffs at the level of peak performance.

We have every reason to believe that next year we will be able to add to the size of our state and county office staffs.

Meanwhile, may the strength that a man gains from knowing that he has given the most that is within him to the public service sustain us.

We have many reasons to acquire such strength.

Let me name a few:

In Texas we helped eleven farmers who were about to be displaced and put out on the road take over as owners on an individual family farm basis the estate they had been farming for many years as tenants.

In Pennsylvania we helped a handicapped farmer use farm ownership funds to set up a shooting preserve where pheasants, wild turkeys and mallard ducks will be hunted.

In North Carolina with one association loan we helped three villages and a college obtain a decent supply of domestic water.

In Missouri we are exploring the possibilities of helping a rural community make a really massive effort towards new life and vigor through the rural renewal program.

In Colorado we helped 40 family farmers strengthen their position on the land by jointly acquiring and developing grazing land, a substantial part of which had formerly been producing wheat.

In California we have found a way, with the help of the Friends Service Committee, of enabling farm workers to acquire better housing through a self-help housing effort.

In Alabama we made it possible for an elderly couple to move from a shack to a modern home.

In New Jersey we financed the construction of modern apartments that will help a group of elderly farm couples continue to live, and live comfortably, close by their friends and neighbors.

In Idaho we financed the construction of modern living quarters for the migratory farm workers who harvest the crops.

These are only samples. Their existence in tens of thousands of instances are prima facie evidence of our concern.

These achievements do not pass unseen. Our accomplishments dominate the dialogue that goes on today about rural areas development.

With this solid year of achievement behind us, feeling ourselves at the apogee of our careers, what of the year ahead?



It will be a different year from the two just past for there will be fewer new authorities to master and we will have more time to develop, perfect and improve the programs at hand.

Within the overall goal of strengthening rural communities and building family farms I would offer these general areas of our operations to which I feel we should give very special attention. The main thrust of our efforts should be in these areas.

First, we should see to it that when we are helping a farmer develop, acquire or hang on to an adequate farm that the farm we call adequate is one that is capable of providing the farm family with a good living. There should be no halfway houses for family farmers to rest in when they travel with the Farmers Home Administration.

Second, we should see to it that we exercise our ingenuity in helping the farm people at the bottom of the scale, the "boxed-in" families, the ones who because of age, or disability or lack of skill are not able to climb the agricultural ladder or transfer to other employment.

Third, we should see to it that we make the most of all of the new weapons we have been given to increase farm income, reduce crops in surplus production and wipe out the pockets of rural poverty.

In most cases this will mean the development of income-producing recreational facilities, shifts in land use, development of forestry and fish farming enterprises.

I would call your special attention to our rural renewal program. This for the moment may be limited in scope. We expect to obtain funds this next year for about five projects. But what transpires in each project will deserve your close attention. For here we are reaching the ultimate, to date, in rural areas development. We will be able to assign a trained person to one area to help the people in that area develop a program for economic development and take full advantage of all the aids to economic development that are available. We will be able to lend funds to a properly constituted body in this community to supplement all of the other funds that are available.

This rural renewal effort is not the final answer. We still do not have the complete flexibility we need in providing back-up financial assistance. But it is the next to the last step. And it is the stepping-stone to the future. All of you will be engaged in rural renewal projects before the decade of the sixties expires.

Fourth, in our list of main endeavors during fiscal 1964 is the area of supervised credit. We must never forget that this is the heart, the soul, the core of our efforts. Only we really know what supervised credit is. It has defied definition since it was invented in 1934 - nearly 30 years ago. But you know and I know what it is. We know the careful balance between pointing the way and making the decision. We know what it means to enter into all of the basic farm and home planning in such a way that we are part of it and yet do not dominate it. We know what it means to develop well conceived and well understood plans with farm families based upon a sound analysis of their past year's operations. We know what it means to commit our funds, our money, to the application in the fields and in the barns, of our advice.

Let us continue to perfect, let us continue to hold tight to, the one skill that sets us apart from others.

Fifth, I would urge you who are the leaders of our organization to so manage our affairs that everyone in our organization makes full use of the talents he possesses. I think it is significant that the area supervisors are at this meeting. A few years ago, so I hear, they were stripped of any administrative responsibility. We welcome them back in their true role as a vital link in our management chain of command.

Awhile back I spoke of distinguishing marks of the Farmers Home Administration and the people who form our organization. Let me return to that subject before I close.

I think the employees of the Farmers Home Administration stand out among the crowd because they are at ease in dealing with people. Does this strike you as a rather odd statement? Tick off on your fingers the other agencies who use people as their measure.

I think we stand out because we have always been interested in the folks at the bottom of the economic heap.

I think we stand out because we make a tangible mark. You can see where we have been. We are identified with specific farmers, our borrowers. You can go around the country and check on whether we have made it or not. You can see the farrows we have turned.

I think we stand out because we are the ones that get called on in emergencies - when the going is just plain rough. Sometimes it is floods, droughts, or frosts. Sometimes it is bad management, farm or financial; often it is inadequate resources or badly organized resources; frequently it is depleted equities and unrealistically structured debt payments. But whatever the cause the end result is farmers in trouble, real trouble. Someone has to risk his reputation and his future on whether or not he can be of help. We step in. And we stand on our record. It is a fine one.

Look at our collection record. Through the years we have loaned nearly \$7 billion. Approximately \$5.4 billion in principal and interest has been repaid. In the current programs the amount of interest we have collected is twelve times the amount written off. Other evidences of our successful record can be found in the farm families and rural communities that stand stronger today because of our assistance.

We are the one solid organization that is not afraid to measure off the problem, mark off the road to travel and then follow that road to the end.

We have no organized support. There is no group that bears the label of the "Associated Friends of the Farmers Home Administration." Time and again we have had people tell us that this was our "Achilles heel." Everyone else has a built-in cheering section, they say, why not you.

Well we have something better. We have the kind of support that rests on one foundation - accomplishment. You can see what we do. We need no organized support.

Our roots go deeper - because of our performance - than many of us think.

We have a good year ahead of us. Let us proceed to give the rural people who need our help the kind of very special help we are capable of giving.

-----



Reserve

A284.9

B46

April 14, 1964

It is People, Not Farms that Count

MAILED  
OFFICE OF AGRICULTURE  
OCT 4 1964  
C & R-158

This is a grand occasion. I expect I am enjoying this day more than anyone else in this room.

I started out many years ago as a county supervisor working with farm families that were the counterparts of the family we are honoring here today.

There is nothing, absolutely nothing, more satisfying and more rewarding, to me, than to review the strides that farm families make when they have access to the resources they need.

I believe this same feeling of identification with the families they work with is the driving force that keeps our field staff going at fever pitch year after year.

Rural people have within themselves boundless springs of energy, ingenuity and ambition. No other people in this great land of ours can take so little and make so much of it.

It is a vastly rewarding experience to share, however remotely, the great feeling and great reaching for a full and a good life that is so innately a part of farm people.

---

Speech by Howard Bertsch, Administrator, Farmers Home Administration, at luncheon honoring the FHA Farm Family of the Year, Winston-Salem, North Carolina, April 14.



I have read the record of the Radford family. This record is being told in some detail here today. It is an outstanding record. I note with pride that this fine family won honors on a small farm. This is a fine rebuttal to those, and they dominate the scene today, who associate only bigness with success.

I also note that Mr. Radford says that his is a working family. That his wife works as hard as he does and that the children are a big help.

If he had not made this statement to a local reporter I would have been tempted to make it for him.

For surely no one person could have achieved singlehandedly all that the Radford's have achieved. Every acre, every fence row, under a complete conservation system. Herd production increasing yearly. Broilers handled with top-notch efficiency. Crop yields increasing yearly. Income and net worth rising. Major improvements made in their home. Home food production at a scale surpassing the live-at-home program of days gone by. Active participation in community affairs. And all this despite handicaps brought on by land that had been abused, and periods of extreme drought.

This is a record that would do ten people credit. And there are only four Radfords.





Of course the Radfords had to be good to win when you view the competition they faced.

Let me tell you just a little about the other families who were considered in the selection process.

These families are unknown to me. But I gloried in their progress as I read the reports that were submitted when they competed for the top honor.

Let me give you a few phrases from the records of their accomplishments.

"Average milk production increased 3,000 pounds per cow in one year."

"Has come to be recognized as one of the outstanding farmers of the area."

"Active in civic activities such as fund raising drives for charitable organizations."

"In a time when the trend has been to bigness, has taken a small farm and through using all the resources available to him has been able to provide a good standard of living for his family, and made many improvements to his farm and reduced his indebtedness."

"When he purchased this farm it was a small farm of only average productivity with no farm buildings of value. At the present



time it can be classed as one of the more desirable farms in the community."

"As with all progressive farm families theirs is a busy existence and of necessity a practical one. She has been conserving in greater numbers each year farm frozen and canned fruits and vegetables and meats. Much of their success is due to their excellent financial planning. She is the bookkeeper."

These are wonderful sentences to read. For these are words that real people, our county supervisors and office clerks, have written about equally real people, the people they serve.

This kind of insight into what is going on in farming today, the kind of farming we support, is most gratifying.

There are so many economists telling us that the average size farm is doomed for the rubbish heap. There are so many talking about farming in terms of units of land and cattle and machinery, that we bless the occasion that brings us in focus once again with the fact that it is people, not farms that count.

Oh if there were only some way that we could tally all of our agricultural problems in terms of the people involved.

Too many of us through the years have become accustomed to saying that there is only room for so many farmers because there is only



room for so many farms.

Why can't we discipline ourselves to looking at the problems of rural America in the opposite manner. In a manner that says, "we have many very important people in rural areas. Now what can we do with our farm and other rural resources to help them make a good living"?

We are coming closer to this approach to our problems in the talking and thinking and planning that accompanies President Johnson's attack on poverty.

People are the focal point in the Economic Opportunity Act of 1964, the bill that incorporates the governments proposals to wipe out poverty in America.

Let me tell you a little about the proposals in this bill, how they relate to people rather than to commodities and what their meanings are so far as rural people are concerned.

To begin with, the bill has three separate programs for a most important segment of our people - our youngsters. The bill proposes a job corps, work training programs and work study programs.

The job corps is one of the more widely publicized sections of the bill. This would set up camps where boys from low-income families could receive a combination of education, vocational training and work experience.





This is a program for boys who have dropped out of school, have failed to qualify for military service. They are good kinds, part of our national fiber, yet they are today at the early age of sixteen, seventeen, eighteen, on the discard heap.

The job corps would seek to give these boys a chance to acquire skills and perhaps more important, a feeling of status and belonging, that will make it easier for them to be productive, constructive members of our society.

The work-training programs proposed under the bill would make it possible for unemployed young men and women to obtain more help than they now receive in on-the-job-training.

This would involve giving untrained young people a chance to work on the development and completion of projects being carried on by public and nonprofit groups.

For example, I can see a grand opportunity for rural youngsters to acquire some skills in working on the construction of the rural water systems, senior citizen housing, and other projects that are developed by nonprofit groups with the funds we advance.

In addition there is no reason why rural youth as well as urban boys and girls cannot gain valuable experience in such diverse tasks as



- nurses aids and hospital orderlies in clinics  
and health centers
- mechanics' helpers in police and county garages
- electricians' assistants and painters' helpers in  
city and county buildings.

The work experience these youngsters would obtain would qualify, or help to qualify, them for employment on a regular basis.

The work-study program would enable children from low-income families who are in college, or are trying to get into college, to obtain part-time jobs that would enable them to pay part of the cost of their college education.

All three of these proposals mean a great deal to children in rural areas. We have thousands of school drop outs who need the second chance the job corps would give them, we have thousands of rural youngsters who need the special help that the on-the-job training, and work-while-you-study programs would provide.

If these programs are brought into being - and I am sure they will be - I assure you that the men and women who work for the Farmers Home Administration will make it their first order of business to help every young person in every low income family we know take full advantage of these programs.

The Economic Opportunity Act - the anti-poverty act - also



proposes to help communities develop action programs that will raise the level of living of everyone in the community to an adequate level.

Some people call this visionary, and we grant that it will be difficult. But look at the possibilities. If we could get everyone raised to an adequate level of living the grocers, druggists, furniture dealers, appliance dealers, would have a rich new market for their wares, the doctors and dentists would receive full pay for services rendered, the tax supported institutions, like the schools, hospitals, and highway systems would be on a sounder financial footing. There would be no relief rolls.

y. Dreamlike? Yes. Possible of achievement? Emphatically yes.

We speak only for rural America but we have faith in the people in rural America. We know they can do this job. I quoted earlier from reports about a handful of families like the Radford family that exist throughout the width and breadth of North Carolina. There are hundreds of others out there just like them. I know it, you know it.

The poverty bill will give communities a great deal more assistance than they have had up to now. This will involve not only technical assistance but funds.





There is no reason under the sun why a progressive rural community cannot forge ahead if this bill becomes reality.

For certain it will require a great deal of initiative and midnight oil burning on the part of rural community leaders. But this can and will be done.

And we in the Farmers Home Administration speaking for ourselves and as chairman of USDA's technical action panels, pledge that the full force of the USDA will be behind this community action drive.

This is really, so far as rural people are concerned, a validation of the principles we have been pushing for the past three years in rural areas development.

We are confident that the 75,000 local citizens in the small towns and rural areas that have been taking part in RAD would move rapidly forward with the aid of the new funds, personnel and incentive that would be provided by the bill. We know that with the help the bill provides, local groups would carry forward at an even faster pace the projects so essential to the development of well-rounded rural communities, projects that range from recreational enterprises to new industry, new housing, new water systems, and other modern community facilities.

The whole experience of rural areas development proves that the community action approach does work. The RAD committees have



made penetrating analyses of the needs of their communities. They have identified the most urgent actions needed to prevent or to alleviate poverty.

What they have lacked has been money. This bill will provide the financial means to enable rural communities, under their own leadership and mobilizing their own resources of talent and energy, to do those things which they know need doing and which they are eager to do -- but which, with a limited and often shrinking tax base, they simply cannot undertake without the kind of help this bill provides.

The Economic Opportunity Act also would enable the Farmers Home Administration to be far more effective in helping, on an individual basis, rural people who are really at the bottom of the scale so far as income is concerned.

Currently when many small farmers turn to us for assistance in operating and improving their farms we are unable to do anything for them because they simply lack the ability to repay all of the amount they need to invest in additional resources.

I am speaking of the middle-aged and older rural people who live on the back roads, have a limited education and are often plagued by physical handicaps and poor health.

For many years, it has been popular in some circles to either



ignore the plight of these families, treat them as if they were invisible, or suggest that the solution to their problems can be found by sending them off to the cities.

Thousands as a matter of fact have gone to the cities. And to what avail? In the cities they run head on into competition with the very group of urban workers that form the bulk of the unemployed, the unskilled workers displaced by the automation of our industrial processes. The demand today and in the future for workers in the cities is, and will be, for highly trained personnel, people who can program the machines. These are not the middle-aged, the elderly, and the handicapped, who live in the hollows of Appalachia and along the dirt roads of rural America.

Now the proposed bill would enable us to provide the limited but essential capital these families need by advancing some of the required funds on a non-repayable basis. Suppose that the fertilizer, fuel, livestock and other needs of one of these extremely low-income families amounted to \$2,000 and the income the family could obtain would enable them to repay only \$1,000. Under the bill we could advance the entire amount and schedule only half of the amount for repayment.

We would in effect, invest \$1,000 in this family, on the assumption that we would raise their ability to provide their food and home needs, improve their standard of living, enable them to continue as members of the community they have lived in all of their lives, and achieve these ends at a far lower cost than the alternative public assistance programs would entail.

The bill would also enable us to help these families engage in rural



based but non-agricultural enterprises such as the production of the wide range of handicraft items that are so much in demand today and the development of small repair shops for servicing household appliances and farm machines.

The proposed legislation would also enable the Farmers Home Administration to be more effective in helping low-income rural families obtain the land resources so essential to their survival.

At the present time, when a farm estate is settled and a sizeable tract of land comes on the market, the only way that we can help family farmers acquire this land is by having eight or ten farm ownership applications on hand and ready to process. Occasionally this can be done.

But it is a difficult device to use effectively. We cannot expect young farmers, and small farmers who need more land, to file applications and then sit back and wait until a large tract comes on the market.

The bill would short-cut our present procedure by enabling us to loan funds to state and local nonprofit organizations with the understanding that these nonprofit groups would buy up tracts of land when the land came on the market and then divide the tracts into family farms and resell the segments in an orderly fashion to family farmers.

A provision in the bill would further strengthen the family farm system by enabling the nonprofit groups to pay the market price for the land and resell it to small farmers at its normal value. The significance of this feature I know is quickly apparent to any of you who have had to compete in the land market with buyers who are so well fixed financially and who can take advantage of losses on their tax returns in such fashion that they can afford to pay more for land than its value for





agricultural purposes.

Eight percent of the farms in this country already absorb one-fourth of the land. If we are to keep the family farm system intact, if we are to help low-income families obtain access to land resources, we need the type of farm ownership program offered in the proposed legislation.

The bill would also enable the Farmers Home Administration to extend credit assistance to small cooperatives made up mostly of low-income rural families.

Since the 1930's, it has been the policy of the federal government to encourage and promote cooperatives.

Within the Farmers Home Administration we currently are making loans to groups of rural people for the development of rural water systems; the shifting of land to forestry, grazing, and recreation; and the development of housing for senior citizens and farm laborers.

But we have no way of financing cooperatives that process and market farmers' products; process, transport and sell timber products; purchase farm supplies; provide cold storage and packing facilities; cooperatively produce and market the products of their own handicraft art.

Currently there is no method of financing such cooperatives in the early, try-out stages, cooperatives that are weak financially, or require financing beyond the capacity or authorization of existing institutions, both public and private. This credit gap is especially harmful to low-income rural people. They are often isolated.



They do not and cannot organize and finance such institutions for themselves. Most in need of strong marketing, purchasing and service organizations they are least likely to be in a position to organize and support such organizations.

All of the measures proposed in the bill, the work training and educational aids, the grants to balance farm and home plans, the strengthening of the farm ownership program, the aids to small cooperatives, make up a unified, direct, and well-coordinated assault on the causes of rural poverty. Each part is essential to the success of the whole. Each complements and reinforces the other parts.

And to me, one of the greatest virtues of the proposed legislation is its orientation to people rather than to the pieces of the economy that surround people.

I am weary of having various proposals that are designed to help people live better condemned because they are not keyed to some preordained concept of how our economy should be managed.

I see far more people shuddering over the danger of our having some essential commodities in storage than over the danger of millions of real human beings living out their lives in poverty.

I see far more people shuddering over dollars devoted to easing human suffering than I see shuddering over dollars devoted to highways, airports and harbors.



We, in the Farmers Home Administration, take great pride in knowing that the rural people of America have within themselves a great well-spring of imagination, ingenuity, and initiative.

For thirty years we have worked with people. We have advanced them billions of funds and we have seen them pay back 99 percent of what has fallen due.

Our only failure has been our inability to show others the real meaning of the lessons we have learned.

The proposals that have been advanced by President Johnson will enable us to dig deeper in our continuing efforts to enable all rural people to demonstrate their innate ability to rise to the top when needed resources are placed at their disposal.

I have deliberately avoided the statistics that show the widespread degree of poverty in rural America, that give the details behind the shocking fact that nearly half of the poverty in our great country can be found in rural towns and the rural countryside.

For this audience does not need to be told that there are people with very meager incomes in rural America.

This audience is composed of people who know what is going on in their communities.





And in the end it will be the people meeting here today, the people who form the leadership of our rural communities, who will determine the success or failure of the drive to raise the level of living of all of our people.

What happens in Washington will be of little value unless local people move ahead on their own.

You in North Carolina have done much I know. Gov. Sanford's N. C. Fund program is a trail-blazer for the Nation. But we all must do more than we have ever done before.

The community action efforts devised and directed by local leaders are the foundation stone of any significant effort to change the living conditions of the people that form their communities.

What is happening is that there is an awakening at the National level to the size and scope of a problem that nationally has for many years been invisible.

This awakening is bringing with it the financial and political support that local leaders have so long been deprived of.

Now we can move ahead. Now we can set our sights with assurance that the goal will be obtained.



The road ahead will not be easy. No one ever said it would be.

But we have an opportunity facing us, that we never had before, an opportunity to give people that have been shunted aside a chance to make their contribution to their own welfare and to the welfare of their community and their nation.

This will not be achieved, no matter what laws are, or are not, passed, without some leadership from those who are on the higher rungs of the economic ladder.

In one way or another every person in this room has demonstrated his or her ability to step forward, to assume responsibility.

Many of you like the Radfords we are honoring today, demonstrated your talents on your farms, others by serving in the wide variety of county, state and federal organizations represented here today.

To each of us is now given an even higher responsibility, the vastly rewarding responsibility of helping our neighbors climb at least part way up the ladder towards the position we now hold.

There has been more said and written about the problems of disadvantaged people in the past three years than in the preceding two decades.



This is heartening, this is encouraging. This ferment of thinking, this re-awakening of the conscience of America is going to result in the mustering of the greatest attack on poverty the world has ever seen.

But now the time for talking is past. The time for action begins.

- - - -

4-10-64



7 2872  
A-412

## OURS IS A SACRED TRUST

How does it feel to be a member of the Farmers Home Administration in June of 1966?

How does it feel to be serving more than two million rural Americans? To be helping more than two million rural Americans to live a better life, gain in economic strength?

How does it feel to be responsible for the proper utilization of the \$1 billion we will advance this fiscal year? Of the \$3 billion in outstanding credits?

To me, a sober contemplation of the magnitude of our operations and the degree of responsibility that rests on our shoulders, brings an awesome feeling.

Where do we go from here? What happens next?

We could say to ourselves that we have reached a resting place. But with Robert Frost we say instead:

"The woods are lovely, dark and deep  
But I have promises to keep  
And miles to go before I sleep."

The very momentum of the programs we have set in action will not let us rest:

Just look at what we have accomplished in the past twelve months:

... we have launched an insured rural housing program that each year will produce housing valued at approximately \$400 million, decent housing, for people living in cramped, crowded and unsanitary conditions. In five years the insured loan program will place in rural America approximately \$2 billion worth of housing sheltering one million people.

... we have expanded the help we give to family farmers in the acquisition of needed land resources, in the development of land and buildings, to a level of some \$235 million annually. A new high in service in this vital field.

---

Speech given by Howard Bertsch, Administrator<sup>2</sup>, Farmers Home Administration, at June 1966 program review meetings in St. Louis, Denver and Atlanta.



Remember when our farm ownership loans totaled \$15 million a year? At the level now authorized we can place more than \$1 billion in credit in support of family farm ownership in a five year period.

... in addition at the present level of our operating loan program we can place \$1.5 billion in credit in support of helping family farmers make needed adjustments in a five year period. You know, and I know, that this is not enough. But it is a very significant contribution nevertheless.

... we have greatly expanded our rural community facility development program. Thousands of communities that a year ago could not afford a modern water system, can now, with our grant assistance, obtain this vital resource. And now we can also help rural communities reduce pollution, safeguard their health, by developing proper methods of waste disposal. Each year, from now on, we will help 1,000 rural communities join the twentieth century.

... we have in the past twelve months initiated aid for the comprehensive planning of rural water and waste disposal systems. Here too we nudge rural America into the world of today.

... we have also in fiscal 1966 experienced a break-thru in the field of farm labor housing with our new authority to share the cost of this badly needed type of shelter.

... we have passed the 25,000 mark in the loans we make to those with very low-incomes. Approximately 150,000 of the rural poor now have a little more money in their pockets, a better outlook on life, because of this bit of action in the war on poverty.

... and we have been of greater service to those whose farms and crops have been torn up by hurricanes, floods and droughts than ever before in our history.

We gain great satisfaction in this recounting of our progress.

How do these hallmarks on progress that loom so great in our eyes, appear to others?

Well, let's start at the top.

The White House has announced more Farmers Home Administration achievements in the past year than all the activities of other USDA agencies combined.

Secretary Freeman looks upon our programs as his programs. And well he should, for the gains we have made have been made under his administration and our growth in serving, in many ways, all who live in rural America is a part of the pattern he has established for the Department.

When Secretary Freeman lists the ten objectives of his rural areas development program, objectives that begin with preserving and improving the family farm, continue with the elimination of the many and complex causes of rural poverty and conclude with helping rural people build the community facilities that are standard in metropolitan and suburban areas of the United States, every objective he lists is an objective of the Farmers Home Administration.

And on Capitol Hill the interest in and the support of our activities is equally visible.

The greatest test of the acceptance of any agency's activities, of the measurement of any agency's value, comes each year during appropriation time.

This past spring Secretary Freeman recommended, and President Johnson sent to Congress, estimates for Farmers Home Administration programs for fiscal 1967 that were a notch higher than the authorized funds for 1966. This mind you was done in the preparation of the tightest budget in recent history.

There is a war on, and we all know it, and so every item in the USDA budget and in the President's budget was scrutinized under a microscope, weighted against every other program, weighed in light of increasing defense costs. And no higher tribute can be paid to the inherent value of the services we administer, than to place our programs, after all factors were weighed and measured, at a level higher than the current year. That is what Secretary Freeman and President Johnson did.

How did the Congress respond to this measurement? Well here is what the Appropriations Committee of the House had to say when it reported, after hearings, the 1967 Agriculture Appropriations bill.

This all-powerful Committee called our record "outstanding," said our employees "are experienced and trained in rural problems and have been very successful in helping low-income rural families improve their standard of living."

The Committee grouped our loan authorizations in this manner:

... loans to acquire, build or improve homes and service buildings on farms - \$390 million.

... loans to assist family farmers in reorganizing and improving their farming systems - \$300 million.

... loans and grants in areas under 5,500 population for water or waste disposal systems, and recreation, drainage, or other special community facilities - \$236 million.

... loans to acquire, enlarge or develop family farms and to provide facilities for land and water use and conservation - \$247 million.

... emergency loans to restore farm land and facilities damaged by natural disasters - \$68.5 million.

... technical assistance and loans to public agencies in low-income rural areas to restructure their economy - \$1.2 million.

... total - \$1,242,700,000.

In short, the Appropriations Committee supported in full the Secretary's and the President's estimates of our needs.

There is, in the bureaucratic world, no higher measure of esteem.

To put the frosting on the cake, let me call your attention to the Congressional Record of last September 23. Next to the cross-examination and review that takes place in the formation and passage of an appropriation bill, is the scrutiny of an agency's activities that takes place when legislation is proposed to enlarge its activities.

The Aiken-Poage bill that greatly enlarged and expanded our farm ownership and rural community facility activities was passed by the House on September 23, 1965. On that day some 25 pages of the record were filled with Congressional statements in support of the expansion of our activities.

We can take comfort in that kind of support.

But this review of our progress and the support it is receiving would be shallow indeed if we did not force ourselves to analyze just what it is that we are doing that seems to be marked with the magic spell of success.

During the past year we have had four occasions when we have been able to meet abroad with people from other countries and discuss common problems and attempted solutions to these problems.

Today, let us use what came out of these discussions, as a kind of year-end analysis of what we are trying to do and why we are trying to do it.

In February we met with our Canadian counterparts.

They asked us to explain what we meant by supervised credit.

We told them about the farm and home plan, and the record book, and the on-farm visits and the analysis of the strong and the weak enterprises.

We told them that supervision is both a science and an art.

We told them that a county supervisor has to be an agronomist, a horticulturist, an entomologist, an animal husbandryman, a dairyman, an engineer, a chemist, an economist, a teacher, a lawyer, a business analyst, a sociologist, a banker and an expert in public relations.

But most of all we said, a supervisor must have a sixth sense, an intuitive ability to know when to lead and when to let go, a knack of being able to see the relation of parts to the whole, in vulgar language a supervisor must have "common horse sense."

We pointed out that our supervisors become involved with almost every aspect of the lives of the families they serve.

"Sometimes," we said, "supervision is a matter of helping one of the boys in the family get a job, or meeting with creditors, of helping place an elderly relative in a nursing home.

"Sometimes it is a matter of helping neighbors, with similar problems, get together and work out a common solution."

And we noted that it is our belief that we have done more good in restoring morale, in giving people an incentive to work their way out of their difficulties, than we have in any area that can be measured in purely economic terms.

We pointed with pride to our 60 home economists and the impetus these highly skilled women give to the family side of our supervision and the steps they take to make certain that borrower families obtain all of the assistance available from all of the agencies that provide service to rural families in the fields of health, education and welfare.

We noted that as we have expanded our operations to include credit services for all rural people, supervision has continued to be a basic ingredient.

When we make housing loans we provide detailed counseling in the elements of planning decent, safe and sanitary shelter.

We discuss with each borrower the necessity of planning for expansion, the elements to be considered in the choice of building site, the merits of one type of construction as opposed to another, the earmarks of a good floor plan.

When the house is under construction we periodically check every move of the builder to make certain that foundations are properly poured, plumbing is properly installed, insulation is as agreed upon, and wiring meets local codes.

When we make loans for the development of rural community water systems we help the groups that come to us explore the various sources of funds, survey the needs of their community, we review the preliminary plans, we check on the work in progress.

All this is supervision.

It makes a very impressive story.

I can tell you that my Canadian audience listened attentively to every word I said. All through the day and far into the night they plied me with questions.

The same thing happened in April when Floyd went to Vietnam and earlier this month when I was in the Philippines.

In counseling with the Vietnamese and the people of the Philippines we again described what we mean by supervised credit and we outlined the basic principles that we believe are essential in any supervised credit program:

First, the necessity of having one person carry on all of the functions that go with the making and servicing of a loan. In many of the underdeveloped countries there is a tendency to split these functions between bankers and extension workers.

Second, the importance of basing the approval of the loan on the repayment ability of the applicant, rather than on the amount of security that can be offered.

Third, the necessity for adequately financing all of the applicant's needs, recognizing of course that there are applicants who because of lack of education, poor health, age and underdeveloped skills cannot utilize all of the capital that would be needed to raise their level of living to the optimum level.

Fourth, the value of scheduling repayments to fall due when income produced with the aid of the loan becomes available.

Fifth, the need to so motivate borrowers that the decisions made in planning the use of loan funds and carrying out the plans are their decisions, not our decisions.

In Vietnam and the Philippines we also discussed what we believe to be the characteristics of a competent and effective rural development agency.

Such an agency, we said, must ferret out and interpret the needs of the disadvantaged.



Such an agency must have both authority and technical skill.

Such an agency must have its authority properly distributed at various levels.

Such an agency must so conduct its affairs that the benefits of rural development accrue to the people who carry out the development measures.

Such an agency must function and measure its effectiveness in terms of the whole community.

Such an agency must seek ways of bringing outside capital into rural communities.

This is heady stuff for discussion purposes. Do not throw these ideas out to the keen and determined young men in the underdeveloped nations unless you are prepared for hours of searching and probing questions.

In France, where we met with rural development leaders from 30 countries, we found the same intense interest in our review of the principles we have so carefully developed and tested in the past thirty-odd years.

There we explained the functions of the rural areas development committees and the technical action panels and told the story of what rural renewal has meant to Little River County, Arkansas.

This, too, was an exhilarating experience.

But now, back here at home, face to face with the reality of measuring our own performance, how do we stand in our own eyes?

We have talked, you and I, for five years in these June meetings about the forces that are threatening the institutions we seek to preserve, the family farm, the rural community. We have talked, you and I, about the need for wiping out rural poverty.

While we have talked, what has happened?

The firms that supply farmers with the tools of production, the firms that process the farmers' products, the firms that retail the food produced by the farmer have continued to grow in size, diminish in number. Approximately 85 percent of all food is now sold through chain stores. In areas where once farmers had hundreds of buyers competing for their products, now they have two or three.

The number of farmers, especially young farmers, who own only a part of the land they work continues to grow. These young men cannot afford to buy all the land they need. Can they control their own destiny on leased property? Can they get a fair return for the cultivation of property held by another? Who will wind up with the whip hand, the farmer or the absentee owner?

It is still orthodox to say that the family farm is secure because a relatively few farmers hire much outside labor. But more and more people are becoming aware of the danger of measuring trends in size in terms of the resource that is being economized most.

And while we take great pride in the overall increase in farm income we worry about the increase in farm debts.

Meanwhile integrated farming marches on. Ninety-five percent of the broilers, 100 percent of the sugar beets, 85 percent of the turkeys, 30 percent of all fed cattle slaughtered, 25 percent of the lamb and mutton production, and 90 percent of the vegetables raised for canning-freezing are produced under vertical integration.

We have men like Earl Coke, vice president of the Bank of America, speaking of what he chooses to call, "a new dynamic agriculture," which will be "managed by men highly trained and skilled," will depend on "equity capital from outside agriculture," and will feature "the development of corporate farms both large and small."

Rural people still are being pushed off the land by the brute forces of power and pressure, enticed off the land, by the false promise of the cities.

All this would not be so bad if we could believe that the cities, the urban sector of our economy, could provide a haven for the farmers that are squeezed out by the sweeping trends towards bigness and concentration of power.

But the cities are piling horror upon horror.

The current shocker "Crisis in our Cities," has enough scare stories in it to make a country boy like myself run from the very sight of a skyscraper, yes even from the sight of a suburban shopping center.

Hundreds of our city people have already suffered from smog. In Washington each day automobiles consume over a million gallons of gasoline and spew forth hundreds of tons of harmful hydrocarbons and nitrogen oxides.

The Potomac River instead of providing visitors with a recreational mecca of fine bathing beaches, neat marinas and wholesome fishing grounds, provides a natural sewage lagoon.



Ulcers and heart attacks multiply in the cities, so do nervous breakdowns.

And today's city man, overwrought by stress and tension is also degenerating into a physical wreck. One by one the functions of his muscles have been taken over by labor saving devices. He never walks, he rides, he never climbs stairs, he uses elevators. He has push-button lawn mowers, push-button furnaces and push-button toothbrushes.

His children from the crib to the playpen, to the television set, to the perambulator and school bus are raised as a sedentary race.

It is a frightening picture.

There are steps being taken to save the cities from the troubles of their own creation.

For the well-being of all let us hope that such efforts succeed.

But meanwhile there is little the city has to offer the country boy.

In light of all this--the continued pressure on rural people to leave the farm and the countryside and go to the city and the obvious failure of the city to provide the kind of life that we all desire--in light of all this what are we to do?

If we are but one tenth as good as others believe we are we can make a monumental contribution to the development of a better balanced economy--better balanced in terms of a strengthened rural economy--a rural economy that will hold people, not drive them away.

Without suggesting that any of us have failed in any notable measure I would raise these questions?

Is every authority that we possess being used to the maximum in every county, in every state?

What about the authority to help low-income families build homes with their own labor?

What about the authority to help low-income rural people band together to obtain equipment and services they otherwise could not afford?

What about the authority to build rental housing for senior citizens and farm laborers?

What about the authority to finance needed adjustments on family farms? I am not impressed by the fact that operating loan funds were exhausted in mid-spring. Knowing what we all know of the rapidly rising cost of farming I cannot understand why those funds lasted beyond mid-winter.

In similar vein we must continue to be forever diligent in the manner in which we use that priceless tool for the strengthening of family farms, the strengthening of rural communities and the alleviation of rural poverty - supervision.

Every family farmer that turns to us for help in making needed adjustments in his operation must receive the full measure of the assistance we are able to provide.

Every young farmer that turns to us for help in getting established on the land must receive the full measure of the assistance we are able to provide.

Every farm family boxed in by lack of education, poor health, age, and lack of skills must receive the full measure of the assistance we are to provide.

Every low-income rural family that turns to us for assistance in developing enterprises that will raise their income must receive the full measure of the assistance we are able to provide.

During this meeting we will have detailed discussions of just how we can make supervision most effective. These discussions will be the most important discussions we hold.

Ours is a sacred trust.

Not many men and women in their lifetime are given the opportunity to serve their fellowmen in the fashion, and to the degree, that we are.

There are still many ills that plague the countryside.

One-half of the poverty that exists in our great country is found in rural areas.

Yet the security of the nation and the ultimate well-being of all our people depends upon the creation of a rural America that will support in proper fashion a great section of our population.

There is no other solution to reaching the ultimate goal of the Great Society--parity of well-being for all.

More than any other rural institution we hold the magic key.

We have traveled far in the past five years.

We have made notable progress.

But no one who has been given the opportunity we have been given can rest well at night until he has exercised his talents to the fullest degree, for we "have promises to keep."

May this the 1967 goals meeting be most productive.

Our greatest year lies ahead.

